

**PROCEEDINGS BEFORE THE  
WASHINGTON STATE  
BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public  
Accountant (CPA) Certificate and/or  
License(s) to Practice Public Accounting  
of:

Steven M. Carlson, CPA,

Respondent.

NO. ACB-1334

FINDINGS OF FACT,  
CONCLUSIONS OF LAW  
AND DEFAULT ORDER

**I. INTRODUCTION**

THIS MATTER, arises out of the Statement of Charges issued by the Executive Director of the Washington State Board of Accountancy (hereinafter Board) on February 9, 2012. The Statement of Charges alleges that Steven M. Carlson (hereinafter Respondent) violated the provisions of RCW 18.04. Respondent has failed to answer or otherwise respond to the Statement of Charges.

THIS MATTER having come before the Board upon the motion of Jacqueline Walker, Assistant Attorney General; Respondent having failed to answer or otherwise respond to the Statement of Charges; the Board having reviewed the records herein and the Declaration of Richard C. Sweeney, Executive Director, and being advised in the premises, makes the following:

**II. FINDINGS OF FACT**

- 2.1 At all times material hereto the Respondent, Steven M. Carlson, held a Certified Public Accountant (CPA) certificate and individual license (No. 06546) to practice as a CPA in the state of Washington. The Respondent's individual license to practice public accounting as a CPA expires June 30, 2013. The Respondent was the sole shareholder of the CPA firm

Steven M. Carlson CPA, Inc. (a professional service corporation). The CPA firm, Steven M. Carlson CPA, Inc. held a valid license (No. 5164) to practice public accounting in the state of Washington through June 30, 2011. The CPA firm license expired effective July 1, 2011, due to the Respondent's failure to renew.

- 2.2 On August 31, 2011, the Board received a complaint against the Respondent from James and Dana Strickland alleging the Respondent failed to: (1) timely prepare the Stricklands' 2010 federal income tax return; (2) file the Stricklands' 2010 federal income tax return; and (3) timely return the Stricklands' records as requested. The Stricklands provided the Respondent with documents needed to process their 2010 federal income tax return in early April 2011. The Respondent provided the Stricklands with a draft tax return on August 2, 2011. The Respondent did not file the return. Providence Hospital denied financial assistance to the Stricklands for "lack of most recent tax return." During August 2011, the Stricklands visited the Respondent's office several times and requested the return of their records. In late October 2011, the Respondent returned the Stricklands documents to them.
- 2.3 On September 23, 2011, the Board advised the Respondent of the Stricklands' complaint and requested the Respondent respond to the Board regarding the complaint within 20 days. The Respondent failed to reply. On October 17, 2011, the Board advised the Respondent that the Board had not received the Respondent's response to the Board's September 23, 2011, inquiry and requested the Respondent respond to the Board regarding the complaint within 20 days. The Board mailed the October 17, 2011, inquiry by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent failed to respond.

- 2.4 During October 2011, a search of Washington State government web sites resulted in two listings with the Washington State Department of Revenue State Business Records Database:
- 2.4.1 The legal entity “Carlson Steven M.” was listed as doing business as “Steven M. Carlson, CPA” and located in Lake Stevens, Washington. The account was opened December 1, 2002, and listed as “open.”
- 2.4.2 The legal entity “Steven M. Carlson CPA Inc.” was listed as located in Marysville, Washington. The account was opened January 1, 2003, and listed as “open.”
- 2.5 During October 2011, a search of the Washington Society of CPAs’ web site found a registration for Steven M. Carlson CPA Inc. The general business was listed as “Public Accounting.” The specific business was listed as “CPA Firm – Indiv. Pract.”
- 2.6 On September 23, 2011, the Board received a complaint against the Respondent from Crystal Lynn Bjorback alleging the Respondent failed to timely prepare Ms. Bjorback’s 2010 federal income tax return and failed to return Ms. Bjorback’s records to her as requested. Ms. Bjorback initially contacted the Respondent on February 18, 2011, for help to complete her taxes. Ms. Bjorback met with the Respondent on March 25, 2011, and April 18, 2011, and provided the Respondent with original business records and receipts from 2008-2010. On May 24, 2011, Ms. Bjorback met with the Respondent to finalize the tax return. At that meeting, Ms. Bjorback requested the return of her documents. The Respondent advised Ms. Bjorback that he should keep the documents until the tax return was filed and accepted. The Respondent did not file the tax return nor did he return Ms. Bjorback’s documents as requested. Ms. Bjorback has repeatedly attempted to contact the Respondent. The Respondent has not been responsive.
- 2.7 On October 13, 2011, the Board advised the Respondent of Ms. Bjorback’s complaint and requested the Respondent respond to the Board regarding the complaint within 20 days. The

Respondent failed to reply. On November 15, 2011, the Board advised the Respondent that the Board had not received the Respondent's response to the Board's October 13, 2011, inquiry and requested the Respondent respond to the Board regarding the complaint within 20 days. The Board mailed the November 15, 2011, inquiry by U.S. Certified Mail—Return Receipt Requested and by U.S. First Class Mail to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258). The Respondent failed to respond.

- 2.8 The Board mailed the Statement of Charges, Answer to Statement of Charges, Notice of Opportunity to Defend and Appendix A to the Respondent by United States certified mail, return receipt requested, and by United States first class mail on February 9, 2012, addressed to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) and to the last address provided to the Board for the Respondent's firm, Steven M. Carlson, CPA, Inc. (801 State Avenue, Marysville, WA 98270).
- 2.9 The certified mailing to the Respondent's last known individual address (3216 Bryce Drive, Lake Stevens, WA 98258) was returned unopened to the Board on March 6, 2012, by the United States Postal Service marked "UNCLAIMED." The first class mailing to the last address the Respondent provided to the Board (3216 Bryce Drive, Lake Stevens, WA 98258) has not been returned to the Board. The certified mailing to the last address provided to the Board for the Respondent's firm (801 State Avenue, Marysville, WA 98270) was received and signed for by a person other than the Respondent on February 10, 2012.
- 2.10 Respondent has neither answered the Statement of Charges nor requested a hearing on the matters set forth in the Statement of Charges.

### **III. CONCLUSIONS OF LAW**

From the foregoing Findings of Fact, the Board makes the following Conclusions of Law.

- 3.1 The Washington State Board of Accountancy has jurisdiction over Respondent and the subject matter of the case. RCW 18.04.295.
- 3.2 Service is completed when mail is properly stamped, addressed, and deposited in the United States mail to the last known address of the licensee. RCW 34.05.010(19).
- 3.3 Based on the above Findings of Fact, and Conclusions of Law, Respondent has been served with the Statement of Charges, Answer to Statement of Charges, and Notice of Opportunity to Defend.
- 3.4 The failure of Respondent to file a request for a hearing in this matter within the time limit established by statute or agency rule constitutes a default, resulting in the loss of Respondent's right to a hearing. The Board is legally entitled to proceed to resolve the matter without further notice to, or hearing for the benefit of, Respondent, except that a copy of this order shall be served upon Respondent. RCW 34.05.440.
- 3.5 Respondent's conduct set out in Findings of Fact 2.2 and 2.6 constitute violation of RCW 18.04.390(3) and WAC 4-30-051 that require a CPA to furnish within 45 days any accounting or other records belonging to, or obtained from a client, upon request and reasonable notice. WAC 4-30-142(10) and (11) identify violation of the Public Accountancy Act and one or more of the rules of professional conduct as bases for the Board to impose discipline against CPAs.
- 3.6 Respondent's conduct set out in Findings of Fact 2.3 and 2.7 constitutes violation of WAC 4-30-034 that requires a CPA to respond in writing and within 20 days to Board communications requesting a response. WAC 4-30-142(13) identifies failure to cooperate with the Board by failing to furnish in writing a full and complete explanation related to a complaint or by failing to respond to a Board inquiry as basis for the Board to impose discipline against CPAs.

- 3.7 Respondent's conduct set out in Findings of Fact 2.4 and 2.5 constitute violation of RCW 18.04.345 and WAC 4-30-112 that require a firm with an office in this state and using the designation "CPA" to hold a CPA firm license. RCW 18.04.380 identifies that the display of a written instrument bearing the person's name in conjunction with CPA as prima facie evidence in any action brought under chapter 18.04 RCW that the person whose name is displayed caused or procured the display and is holding out to be a licensee. WAC 4-30-142(10) identifies violation of the Public Accountancy Act or failure to comply with a Board rule as basis for the Board to impose discipline against CPAs.
- 3.8 Such conduct constitutes grounds for the denial, revocation, suspension, or refusal to renew or reinstate Respondent's Certified Public Accountant certificate and any license of Respondent, the imposition of a fine plus the Board's investigative and legal costs, and imposition of full restitution to injured parties pursuant to RCW 18.04.295, RCW 18.04.305, and chapter 18.04 RCW. (See Appendix A for reproduction of the statute and rules.)

#### **IV. FINAL ORDER**

Based upon the above Findings of Fact and Conclusions of Law, the Board hereby makes the following Order:

- 4.1 Respondent's CPA certificate, individual license to practice public accounting, and eligibility to register, renew or reinstate the Respondent's firm license are hereby SUSPENDED for three years from the date this Order is accepted and entered by the Board.
- 4.2 Prior to and as a condition of the reinstatement of Respondent's CPA license, the Respondent must:
- 4.2.1 Serve the entire three-year suspension.
  - 4.2.2 Submit a complete reinstatement application with appropriate fee(s) and report the satisfactory completion of qualifying Continuing Professional Education (CPE) required for reinstatement by Title 4 WAC, including a group or interactive self-

study program (not non-interactive self-study) of at least four hours of CPE in ethics and regulation applicable to the practice of public accounting in the State of Washington, approved by the Board, and completed during the six-month period immediately preceding the Respondent's application for reinstatement.

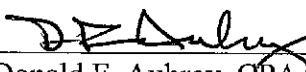
- 4.2.3 Comply with all conditions for reinstatement as required by RCW 18.04 and Title 4 WAC in effect at the time of application for reinstatement.
- 4.2.4 Return to Crystal Lynn Bjorback all records belonging to her and provided to the Respondent. The Respondent must provide documentation satisfactory to the Board to verify the return of Ms. Bjorback's records.
- 4.2.5 Pay a five thousand two hundred fifty dollar (\$5,250) fine.
- 4.2.6 Reimburse the Board one thousand seven hundred fifty dollars (\$1,750) for investigative and legal costs.
- 4.2.7 During the period after the acceptance and entry of this Order, Respondent shall not otherwise violate any provisions of chapters 18.04 RCW or 4-25 WAC.
- 4.2.8 Satisfy any other requirement imposed by the Board as a condition for the reissuance of the license.
- 4.3 The Respondent shall not use the designation "CPA," "CPA-Inactive" or "certified public accountant" or hold out as a "CPA," "CPA-Inactive" or "certified public accountant until such time that the Board has reissued a CPA license to the Respondent under Chapter 18.04 RCW.
- 4.4 The Respondent shall not hold out to the public, or use in connection with his name, or any other name, the title or designation "certified accountant," "chartered accountant," "licensed accountant," "licensed public accountant," "public accountant," "CPA (Retired)," "CPA-Inactive," or any other title or designation likely to be confused with "certified public accountant" or any of the abbreviations "CA," "LA," "LPA," or "PA," or similar

abbreviations likely to be confused with "CPA," until such time that the Board has reissued a CPA license to the Respondent under Chapter 18.04 RCW.

- 4.5 The Respondent shall refrain from signing, affixing, or associating his name, firm name, or trade name to any report prescribed by professional standards including reports designated as an "audit," "review," or "compilation," until such time that the Board reinstates the Respondent's individual license and issues a firm license to the Respondent.

DATED this 26<sup>th</sup> day of April 2012.

WASHINGTON STATE BOARD OF ACCOUNTANCY

  
\_\_\_\_\_  
Donald F. Aubrey, CPA  
Chair



### **MOTION TO VACATE DEFAULT**

Pursuant to RCW 34.05.440(3), you have seven (7) days from the date this Order was mailed to file a written motion requesting that this Order be vacated, and stating the grounds relied upon. A motion to vacate together with any argument in support thereof should be filed by mailing or delivering it directly to the Washington State Board of Accountancy, 711 Capitol Way South, Suite 400, P. O. Box 9131, Olympia, Washington 98507-9131.

The filing of a motion to vacate does not stay the effectiveness of this Order and is not a prerequisite for filing a petition for judicial review pursuant to chapter 34.05 RCW.

**PROCEEDINGS BEFORE THE  
WASHINGTON STATE  
BOARD OF ACCOUNTANCY**

In the Matter of the Certified Public  
Accountant (CPA) Certificate and/or  
License(s) to Practice Public Accounting of:

Steven M. Carlson, CPA,

Respondent.

No. ACB-1334

APPENDIX A

**RCW 18.04.295 Actions against CPA license.** The board shall have the power to: Revoke, suspend, or refuse to issue, renew, or reinstate a license or certificate; impose a fine in an amount not to exceed thirty thousand dollars plus the board's investigative and legal costs in bringing charges against a certified public accountant, a certificate holder, a licensee, a licensed firm, an applicant, a non-CPA violating the provisions of RCW 18.04.345, or a nonlicensee holding an ownership interest in a licensed firm; may impose full restitution to injured parties; may impose conditions precedent to renewal of a certificate or a license; or may prohibit a nonlicensee from holding an ownership interest in a licensed firm, for any of the following causes . . .

(3) A violation of any provision of this chapter;

(4) A violation of a rule of professional conduct promulgated by the board under the authority granted by this chapter;

(9) Failure to cooperate with the board by . . .

(b) Failure to furnish in writing a full and complete explanation covering the matter contained in the complaint filed with the board or the inquiry of the board . . . [2004 c 159 § 4; 2003 c 290 § 3; 2001 c 294 § 14; 2000 c 171 § 1; 1992 c 103 § 11; 1986 c 295 § 11; 1983 c 234 § 12.]

**RCW 18.04.345 Prohibited practices . . .**

(3) No firm with an office in this state may perform or offer to perform attest services as defined in RCW 18.04.025(1) or compilation services as defined in RCW 18.04.025(6) or assume or use the designation "certified public accountant" or "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants or CPAs, unless the firm is licensed under RCW 18.04.195 and all offices of the firm in this state are maintained and registered under RCW 18.04.205. This subsection does not limit the services permitted under RCW 18.04.350(10) by persons not required to be licensed under this chapter . . . [2009 c 116 § 1; 2008 c 16 § 5; 2001 c 294 § 17; 1999 c 378 § 8; 1992 c 103 § 14; 1986 c 295 § 15; 1983 c 234 § 16.]

**RCW 18.04.380 Advertising falsely — Effect.** (1) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words "certified public accountant" or any abbreviation thereof

shall be prima facie evidence in any action brought under this chapter that the person whose name is so displayed, caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a licensee, a certified public accountant, or a person holding a certificate under this chapter.

(2) The display or presentation by a person of a card, sign, advertisement, or other printed, engraved, or written instrument or device, bearing a person's name in conjunction with the words certified public accountant-inactive or any abbreviation thereof is prima facie evidence in any action brought under this chapter that the person whose name is so displayed caused or procured the display or presentation of the card, sign, advertisement, or other printed, engraved, or written instrument or device, and that the person is holding himself or herself out to be a certified public accountant-inactive under this chapter.

(3) In any action under subsection (1) or (2) of this section, evidence of the commission of a single act prohibited by this chapter is sufficient to justify an injunction or a conviction without evidence of a general course of conduct. [2001 c 294 § 20; 1986 c 295 § 17; 1983 c 234 § 20; 1949 c 226 § 37; Rem. Supp. 1949 § 8269-44.]

**RCW 18.04.390 Papers, records, schedules, etc., property of the licensee or licensed firm--Prohibited practices--Rights of client.** (1) In the absence of an express agreement between the licensee or licensed firm and the client to the contrary, all statements, records, schedules, working papers, and memoranda made by a licensee or licensed firm incident to or in the course of professional service to clients, except reports submitted by a licensee or licensed firm, are the property of the licensee or licensed firm.

(2) No statement, record, schedule, working paper, or memorandum may be sold, transferred, or bequeathed without the consent of the client or his or her personal representative or assignee, to anyone other than one or more surviving partners, shareholders, or new partners or new shareholders of the licensee, partnership, limited liability company, or corporation, or any combined or merged partnership, limited liability company, or corporation, or successor in interest.

(3) A licensee shall furnish to the board or to his or her client or former client, upon request and reasonable notice:

(a) A copy of the licensee's working papers or electronic documents, to the extent that such working papers or electronic documents include records that would ordinarily constitute part of the client's records and are not otherwise available to the client; and

(b) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received for the client's account; the licensee may make and retain copies of such documents of the client when they form the basis for work done by him or her.

(4) (a) For a period of seven years after the end of the fiscal period in which a licensed firm concludes an audit or review of a client's financial statements, the licensed firm must retain records relevant to the audit or review, as determined by board rule.

(b) The board must adopt rules to implement this subsection, including rules relating to working papers and document retention.

(5) Nothing in this section should be construed as prohibiting any temporary transfer of workpapers or other material necessary in the course of carrying out peer reviews or as otherwise interfering with the disclosure of information pursuant to RCW 18.04.405. [2003 c 290 § 4; 2001 c 294 § 21; 1992 c 103 § 16; 1986 c 295 § 18; 1983 c 234 § 21; 1949 c 226 § 38; Rem. Supp. 1949 § 8269-45.]

**WAC 4-30-034 Must I respond to inquiries from the board?** Yes. All licensees, including out-of-state individuals exercising practice privileges in this state under RCW 18.04.350(2) and out-of-state firms permitted to offer or render certain professional services in this state under the condition prescribed in RCW 18.04.195 (1)(b), CPA-Inactive certificate holders, nonlicensee firm owners, and applicants must respond, in writing, to board communications requesting a response. Your response must be made within twenty days of the date the board's communication is posted in the U.S. mail. Communications from the board to you are directed to the last address you furnished the board. [Statutory Authority: RCW 18.04.055(16). 10-24-009, amended and recodified as § 4-30-034, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-551, filed 8/25/08, effective 9/25/08; 05-01-137, § 4-25-551, filed 12/16/04, effective 1/31/05; 01-22-036, § 4-25-551, filed 10/30/01, effective 12/1/01. Statutory Authority: RCW 18.04.055. 98-12-047, § 4-25-551, filed 5/29/98, effective 6/29/98; 93-12-072, § 4-25-551, filed 5/27/93, effective 7/1/93.]

**WAC 4-30-051 What are the requirements concerning client records, including response to requests by clients and former clients for records?** (1) The following terms are defined below solely for use with this section:

(a) Client provided records are accounting or other records belonging to the client that were provided to the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons by or on behalf of the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner are accounting or other records (for example, tax returns, general ledgers, subsidiary journals, and supporting schedules such as detailed employee payroll records and depreciation schedules) that the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons was engaged to prepare for the client.

(c) Supporting records are information not reflected in the client's books and records that are otherwise not available to the client with the result that the client's financial information is incomplete. For example, supporting records include adjusting, closing, combining or consolidating journal entries (including computations supporting such entries), that are produced by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons during an engagement.

(d) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers include, but are not limited to, audit programs, analytical review schedules, statistical sampling results, analyses, and schedules prepared by the client at the request of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons.

(2) When a client or former client (client) makes a request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner, or supporting records that are in the custody or control of the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner that have not previously been provided to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should respond to the client's request as follows:

(a) Client provided records in the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner custody or control must be returned to the client.

(b) Client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner must be provided to the client, except that client records prepared by the

licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may be withheld if the preparation of such records is not complete.

(c) Supporting records relating to a completed and issued work product must be provided to the client.

(d) Persons subject to this subsection developing and maintaining such records, or schedules should make a reasonable effort to provide the required information and data to the client in a format useable by the client to avoid the cost to the client of duplicate reentry of individual transaction or other information into the client's or successor custodian's recordkeeping system.

(3) The licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is not required to convert records that are not in electronic format to electronic format. However, if the client requests records in a specific format and the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner was engaged to prepare the records in that format, the client's request should be honored.

(4) Licensees, CPA-Inactive certificate holders, nonlicensee firm owners, and/or employees of such persons must not refuse to return or provide records indicated in subsection (1)(a), (b), and (c) of this section including electronic documents, pending client payment of outstanding fees.

(5) Once the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons has complied with the requirements in subsection (2) of this section, he or she is under no ethical obligation to comply with any subsequent requests to again provide such records or copies of such records. However, if subsequent to complying with a request, a client experiences a loss of records due to a natural disaster or an act of war, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with an additional request to provide such records.

(6) Licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner working papers are the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner property and need not be provided to the client under provisions of this section; however, such requirements may be imposed by state and federal statutes and regulations, and contractual agreements.

(7) In connection with any request for client-provided records, client records prepared by the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner and employees of such persons, or supporting records, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner may:

(a) Charge the client a reasonable fee for the time and expense incurred to retrieve and copy such records and require that such fee be paid prior to the time such records are provided to the client;

(b) Provide the requested records in any format usable by the client;

(c) Make and retain copies of any records returned or provided to the client.

(8) Where a licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is required to return or provide records to the client, the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner should comply with the client's request as soon as practicable but, absent extenuating circumstances, no later than forty-five days after the request is made. The fact that the statutes of the state in which the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner practices grants the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner a lien on certain records in his or her custody or control does not relieve the licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner of his or her obligation to comply with this section.

(9) A licensee, CPA-Inactive certificate holder, and/or nonlicensee firm owner is under no obligation to retain records for periods that exceed applicable professional standards, state and federal statutes and regulations, and contractual agreements relating to the service(s) performed.

(10) Audit and review record retention requirements: For a period of seven years after a licensee concludes an audit or review such persons must retain the following records and documents, including electronic records unless hard copies of such exist:

- (a) Records forming the basis of the audit or review;
- (b) Records documenting audit or review procedures applied;
- (c) Records documenting evidence obtained including financial data, analyses, conclusions, and opinions related to the audit or review engagement; and
- (d) Records documenting conclusions reached by the licensee in the audit or review engagement. [Statutory Authority: RCW 18.04.055(2), 18.04.390 (4)(b), and 18.04.405 (1). 11-06-062, § 4-30-051, filed 3/2/11, effective 4/2/11.]

**WAC 4-30-112 Must a firm holding a license from another state apply and obtain a Washington state license to hold out and practice in Washington state?** (1) A firm license must be obtained from the board if any of the following criteria apply:

(a) The firm has an office in this state and performs attest or compilation services for clients in this state;

(b) The firm has an office in this state and, by any means, represents the firm to the public that the firm is a firm of certified public accountants; or

(c) The firm is licensed in another state and performs the following services for clients with a home office in this state:

(i) Any audit or other engagement to be performed in accordance with the statements on auditing standards;

(ii) Any examination of prospective financial information to be performed in accordance with the statements on standards for attestation engagements; and

(iii) Any engagement to be performed in accordance with the public company accounting oversight board auditing standards.

(2) A firm license is not required to perform other professional services in this state, including compilation, review and other services for which reporting requirements are provided in professional standards, if the firm complies with the following:

(a) The firm performs such services through individuals with practice privileges under RCW 18.04.350(2) and WAC 4-30-090 or reciprocal license under RCW 18.04.180 and 18.04.183 and board rules;

(b) The firm is licensed to perform such services in the state in which the individuals with practice privileges have their principal place of business; and

(c) The firm meets the board's quality assurance program requirements, when applicable.

(3) As a condition of this privilege, the nonresident firm is deemed to have consented to:

(a) The personal and subject matter jurisdiction and disciplinary authority of this state's board;

(b) Comply with the Public Accountancy Act of this state, chapter 18.04 RCW, and this board's rules contained in Title 4 WAC;

(c) Cease offering or rendering professional services in this state through a specific individual or individuals if the license(s) of the individual(s) through whom the services are offered or rendered becomes invalid;

(d) Cease offering or rendering specific professional services in this state through an individual or individuals if the license(s) from the state(s) of the principal place of business of such individual(s) is restricted from offering or performing such specific professional services;

(e) The appointment of the state board which issued the firm license as their agent upon whom process may be served in any action or proceeding by this state's board against firm licensee;

(f) Not render those services described in subsection (1)(c) of this section for a client with a home office in this state unless the firm that has obtained a license from this state (RCW 18.04.195 and 18.04.295) and this section; and

(g) Not render any professional services in this state through out-of-state individual(s) who are not licensed to render such services by the state(s) in which the principal place of business of such individual(s) is (are) located. [Statutory Authority: RCW 18.04.055(8), 18.04.195, 11-07-070, § 4-30-112, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-112, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-753, filed 8/25/08, effective 9/25/08.]

**WAC 4-30-142 What are the bases for the board to impose discipline?** RCW 18.04.055, 18.04.295, 18.04.305, and 18.04.350 authorize the board to revoke, suspend, refuse to issue, renew, or reinstate an individual or firm license, CPA-Inactive certificate, the right to exercise practice privileges in this state, or registration as a resident nonlicensee firm owner; impose a fine not to exceed thirty thousand dollars; recover investigative and legal costs; impose full restitution to injured parties; impose remedial sanctions; impose conditions precedent to renew; or prohibit a resident nonlicensee from holding an ownership interest in a firm licensed in this state for the specific acts listed below.

The following are specific examples of prohibited acts that constitute grounds for discipline under RCW 18.04.295, 18.04.305, and 18.04.350. The board does not intend this listing to be all inclusive . . .

(10) A violation of the Public Accountancy Act or failure to comply with a board rule contained in Title 4 WAC, by a licensee, defined in WAC 4-30-010, CPA-Inactive certificate holder, or employees of such persons of this state or a licensee of another substantially equivalent state qualified for practice privileges . . .

(11) Violation of one or more of the rules of professional conduct included in Title 4 WAC . . .

(13) Failure to cooperate with the board by failing to:

(a) Furnish any papers or documents requested or ordered to produce by the board;

(b) Furnish in writing a full and complete explanation related to a complaint as requested by the board;

(c) Respond to an inquiry of the board . . . [Statutory Authority: RCW 18.04.055(16), 18.04.195 (11)(d), 18.04.295, 18.04.305, 18.04.350(2). 11-07-070, § 4-30-142, filed 3/22/11, effective 4/22/11; 10-24-009, amended and recodified as § 4-30-142, filed 11/18/10, effective 12/19/10; 08-18-016, § 4-25-910, filed 8/25/08, effective 9/25/08. Statutory Authority: RCW 18.04.055(16), 18.04.295, and 18.04.305. 05-01-137, § 4-25-910, filed 12/16/04, effective 1/31/05; 03-24-033, § 4-25-910, filed 11/25/03, effective 12/31/03. Statutory Authority: RCW 18.04.055(11), 18.04.295, and 18.04.305. 02-04-064, § 4-25-910, filed 1/31/02, effective 3/15/02; 00-11-078, § 4-25-910, filed 5/15/00, effective 6/30/00. Statutory Authority: RCW 18.04.055 and 18.04.295. 94-23-070, § 4-25-910, filed 11/15/94, effective 12/16/94.]